

Department of Social and Health Services

DP Code/Title: M2-FE Increased Cost for EBT
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: F2 060 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

This package requests both a technical correction and a caseload increase. The 2003-05 Biennial Budget removed the Temporary Assistance for Needy Families (TANF) funding that was required in association with this step. In addition, a monthly review of caseload trends indicate the utilization of the Electronic Benefits Transfer (EBT) card is increasing at a higher than anticipated rate. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	234,000	1,092,000	1,326,000
001-2 General Fund - Basic Account-Federal	79,000	587,000	666,000
001-D General Fund - Basic Account-TANF (DSHS)	137,000	362,000	499,000
Total Cost	450,000	2,041,000	2,491,000

Staffing

Package Description:

This package requests both a technical correction and a caseload increase.

In the 2003-05 Biennial Budget, the Economic Services Administration (ESA) requested additional funding for the EBT contract to cover the increased cost per case month. The Legislature partially funded the request, reducing it by the amount of TANF and TANF Maintenance of Effort (MOE) that had been requested. It was indicated in budget notes that this was done because there was sufficient authority within the "welfare box" to absorb that portion of the costs. This increase was an incremental change requiring that all of the requested funding be appropriated to ensure ESA had sufficient appropriated authority for all expenditures.

In addition to correcting the original request, increases in caseloads affecting EBT, especially basic food assistance, have exceeded expectations. Costs per month were estimated at approximately \$260,746, but are exceeding \$319,909 per month. Anticipated costs for State Fiscal Year 2004 and State Fiscal Year 2005 have been based on the current trend in the basic food and cash assistance caseload.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Funding this decision packages enables the department to ensure a safety net for clients in need.

Performance Measure Detail

Program: 060

Goal: 02F Maintain safety net for people in need.

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

This change is necessary to correct the original EBT budget step and fund the growing caseload. This will ensure there is

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sufficient funding to continue the EBT contract.

Impact on clients and services:

There were approximately 151,223 cases receiving food benefits, 12,228 receiving cash benefits, and 57,684 cases receiving combined benefits on an EBT card in June 2003. Updated caseload estimates indicate that there will be 191,788 food assistance cases receiving benefits on an EBT card by June 2004, and 243,233 by June 2005. Funding this package ensures clients will continue to receive their benefits without interruption.

Impact on other state programs:

Clients from Aging and Adult Services Administration and the Division of Alcohol and Substance Abuse receive food benefits delivered by the EBT system.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

Not applicable

Budget impacts in future biennia:

Washington will reach the end of the two-year extension period on the current EBT contract in May 2005. At that time a new contract will have been negotiated, which will result in higher costs per case month.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 mandated that each state agency implement an EBT program for food benefits no later than October 2002. Continued funding of this required contract is essential to the delivery of basic food benefits to clients. Discontinuation of the EBT system could result in a disallowance of 100 percent of the administrative costs incurred by the state.

Expenditure Calculations and Assumptions:

See attachment - ESA M2-FE Increased Cost for EBT.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods And Services	450,000	2,041,000	2,491,000

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DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	97,000	729,000	826,000
GFS2	General Fund State TANF Moe	137,000	363,000	500,000
<i>Total for Fund 001-1</i>		234,000	1,092,000	1,326,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
566B	Refugee & Entrant Assist-St Admin'd Prog(D)(100%)	1,000	4,000	5,000
E61L	Food Stamp Program (50%)	78,000	583,000	661,000
<i>Total for Fund 001-2</i>		79,000	587,000	666,000
Fund 001-D, General Fund - Basic Account-TANF (DSHS)				
<u>Sources</u>	<u>Title</u>			
558B	Temp Assist for Needy Families (TANF) (100%)	137,000	362,000	499,000
<i>Total for Fund 001-D</i>		137,000	362,000	499,000
Total Overall Funding		450,000	2,041,000	2,491,000